

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Brookline Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: August 24, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made bi-monthly in equal installments between July 1 and December 31 of each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

The revised schedule maintained the investment return assumption of 7.20% from the 2018 actuarial valuation. We note that the schedule shows a 16.95% increase in FY30 to complete the amortization of the unfunded actuarial liability in FY30. If the 7.85% annual increase were maintained, the amortization would not be completed until FY31.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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Section 2: Actuarial Valuation Results

Funding schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2003 ERI Liability	(4) Amortization of Remaining Unfunded Liability	(5) Actuarially Determined Contribution (ADC): (2) + (3) + (4)	(6) Total Unfunded Accrued Liability at Beginning of Fiscal Year	(7) Percent increase in ADC over prior year
2021	\$5,058,293	\$5,590	\$22,350,253	\$27,414,136	\$235,941,743	—
2022	5,255,442	5,842	24,304,862	29,566,146	229,377,042	7.85%
2023	5,460,226	6,104	26,420,758	31,887,088	220,280,181	7.85%
2024	5,672,939	6,379	28,710,907	34,390,225	208,298,915	7.85%
2025	5,893,887	6,666	31,189,304	37,089,857	193,041,972	7.85%
2026	6,123,387	6,966	33,871,058	40,001,411	174,075,166	7.85%
2027	6,361,768	7,280	36,772,474	43,141,522	150,917,131	7.85%
2028	6,609,371	7,607	39,911,153	46,528,131	123,034,664	7.85%
2029	6,866,553	7,950	43,306,087	50,180,590	89,837,628	7.85%
2030	7,133,681	8,307	51,553,558	58,687,239	50,673,386	16.95%
2031	7,411,137	0	0	7,411,137	0	-87.37%

Notes:

Actuarially determined contribution for fiscal year 2021 is set equal to the amount determined with the prior valuation.

Actuarially determined contributions are assumed to be paid bimonthly between July 1 and December 31.

Item (2) reflects 3.5% growth in payroll and a 0.15% adjustment to total normal cost to reflect the effect of mortality improvements due to the generational mortality assumption.

Item (3) increases at 4.50% per year.

Projected normal cost does not reflect the future impact of pension reform for new hires.

Projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains.